

REMARKS

I. Status of Claims

Claims 1-7, 9-14, 17, 18, 20-28, 30, and 31 are pending in this application. By this Amendment, claims 1, 10, 11, 17-24, 30, and 31 have been amended and claims 8, 15, 16, and 29 have been canceled. Reconsideration is respectfully requested in view of the above Amendments and the following remarks.

II. Claim Objections

The Office objects to claims 30 and 31 for informalities. The informalities have been corrected. Thus, withdrawal of the objections is respectfully requested.

III. Requirement for Information Under 37 CFR 1.105

The Office Action requests that the Applicant identify the most pertinent references from those disclosed in Applicant's IDS. Applicant respectfully submits that all of the cited references have general relevance. However, in an attempt to comply with the request, Applicant submits herewith an IDS citing four references pertinent to the subject matter of the application.

IV. Claim Rejections

A. Rejection under 35 U.S.C. §101

The Office action asserts that claims 1-31 are not eligible for patenting under section 101 because they claim a legal method, not within the useful arts, and because they depend for their operability on positive law, rather than laws of nature. This rejection is respectfully traversed.

The Office Action asserts that the invention is a method of reducing tax liability. However, the invention as claimed is also a method for exchanging properties. The claims define a process falling within the categories of statutory subject matter defined by 35 U.S.C. 101. The pending claims are not directed to any exception to 35 U.S.C. 101 statutory categories, which include abstract ideas, laws of nature, and natural phenomena as set forth in MPEP 2106.

The Office Action asserts that the fact that applicant's invention depends on positive law for its operability and that this fact provides a strong basis for rejecting it under 35 U.S.C 101. However, 35 U.S.C. 101 includes no such language. As set forth above, 35 U.S.C. 101 creates statutory categories and exceptions to those statutory categories. The claims of the application fall squarely within the process category and do not fall within any of the exceptions to statutory subject matter.

Additionally, Applicant respectfully traverses the assertion that the claims depend on the Internal Revenue Code for operability. The claims contain no language referencing taxes or the internal revenue code. In fact, regardless of any existing laws, the claims define a process for exchanging a property, which would be operative regardless of existing law.

Thus, the claims fully comply with the requirements of 35 U.S.C. 101. Withdrawal of the rejection is therefore respectfully requested.

B. Rejection under 35 U.S.C. §112

Claims 1, 10, 11, 30, 31 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. This rejection is respectfully traversed.

The Office Action Asserts that the phrase Limited contribution obligation does not have a standard definition. Applicant respectfully submits that the limited obligation contribution may be a construct such as a limited obligation bond. As defined in encyclopedia Britannica, limited obligation bonds are bonds issued in connection with a revenue producing property and are paid only from the profits of the revenue producing property. Thus, the limited contribution obligation may be connected with a development project related to the property and payable from revenues derived from that property. This terminology has been canceled from claims 1, 10, and 11, but remains in claims 30 and 31.

Applicant respectfully submits that all pending claims are clear and definite and withdrawal of the rejection is therefore respectfully requested.

C. Rejection under 35 U.S.C. §102

Claims 1-4, 6, 8, 9, 10, 12, 14, 15, 16, 19, 31 are rejected under 35 U.S.C. 102(b) over Beyond 1031, Journal of accountancy, by Ronald and Brigitte Raitz July 2000, pp. 1-10 (hereinafter “Beyond 1031”). This rejection is respectfully traversed.

Independent claims 1 and 31 include multiple features not disclosed by Beyond 1031. Accordingly, Beyond 1031 fails to anticipate claims 1 and 31. For example, with regard to claim 1, Beyond 1031 fails to show a like-kind exchange method including establishing an accommodating entity to facilitate the like-kind exchange, the accommodating entity being funded by a third party. In Beyond 1031, as explained on page 6, the accommodating entity is funded by the exchanger. Beyond 1031 further fails to disclose establishing a property owning entity to acquire an ownership interest in the replacement property, the property owning entity being capitalized through a contribution by the accommodating entity of a promissory note in an amount appropriate for the like-kind exchange. In Beyond 1031, as explained in the sections referenced by the Examiner, the warehousing entity is funded by the exchanger.

Beyond 1031 further fails to disclose causing ownership in the replacement property to vest in the property owning entity to insulate the accommodating entity from liability, covering a portion of project cost for acquisition and development of the replacement property through construction financing to the property owning entity and providing a loan from the exchanger to the property owning entity, the loan amount equal to the difference between the project cost and the amount of construction financing. Beyond 1031 further fails to disclose leasing the project from the property owning entity to the exchanger with a purchase option, the lease requiring the exchanger to pay rent to the property owning entity and specifically disavowing an agency relationship between the accommodating entity and the exchanger and the property owning entity and the exchanger. The arrangement described in Beyond 1031 clearly establishes the qualified intermediary as an agent of the exchanger.

Claims 2-4, 6, 8, 9, 10, 12, 14, 15, 16, and 19 depend from claim 1 and therefore define over the art of record for at least the reasons set forth above with respect to claim 1.

With respect to claim 31, Beyond 1031 fails to show a structure for facilitating a like-kind exchange including an accommodating entity that facilitates the like-kind exchange and a third party that funds the accommodating entity by a limited contribution obligation. Beyond 1031 further fails to show a property owning entity that acquires an ownership interest in the replacement property, the property owning entity being capitalized through a contribution by the accommodating entity of a promissory note in an amount appropriate for the like-kind exchange, wherein an agency relationship between the accommodating entity and the exchanger and the property owning entity and the exchanger is specifically disavowed.

Accordingly, because Beyond 1031 fails to show each and every feature of claims 1-4, 6, 8, 9, 10, 12, 14, 15, 16, 19, and 31, Beyond 1031 fails to anticipate these claims. Withdrawal of the rejection is therefore respectfully requested.

D. Rejections under 35 U.S.C. § 103

Claims 11, 18, 20, 21 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Beyond Section 1031." This rejection is respectfully traversed. As set forth above, Beyond 1031 fails to disclose several features of independent claim 1 and also fails to disclose features of dependent claims 11, 18, 21, and 24.

In summary, the Office Action fails to establish a *prima facie* case of obviousness. Specifically, before considering what would be obvious to one of ordinary skill in the art at the

time of the invention, the art must teach or suggest the claim limitations. See MPEP §2143. In order to establish a *prima facie* case of obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). That is, “[a]ll words in a claim must be considered in judging the patentability of that claim against the prior art.” *In re Wilson*, 424 F.2d 1382, 165 USPQ 494, 496 (CCPA 1970); *In re Edward S. Lowry*, 32 F.3d 1579, 1582 (Fed. Cir. 1994).

Thus, because Beyond 1031 fails to disclose the features of independent claim 1 and further fails to disclose the features of dependent claims 11, 18, 21, and 24 or any teaching or suggesting for incorporating such features, Beyond 1031 fails to render obvious the invention of claims 11, 18, 21, and 24. Withdrawal of the rejection is therefore respectfully requested.

Claims 5, 13, 22, 23 are rejected under 35 U.S.C. 103(a) as being unpatentable over “Beyond Section 1031” as applied to claim 1 above, and further in view of IRS Revenue Ruling 200251008 (plr-106793-02), “RR.” This rejection is respectfully traversed.

RR fails to obviate the deficiencies of Beyond 1031 noted above. Accordingly, even if combined, the references fail to result in the claimed invention. Thus, the references fail to render obvious claims 5, 13, 22, and 23 and withdrawal of the rejection is respectfully requested.

Claim 17 is rejected under 35 U.S.C. 103(a) as being unpatentable over “Beyond Section 1031” as applied to claim 1 above, and further in view of ComNet Realty, Summary, “ComNet.” This rejection is respectfully traversed.

Comnet fails to obviate the deficiencies of Beyond 1031 noted above. Accordingly, even if combined, Beyond 1031 and Comnet would not have resulted in the claimed invention. Withdrawal of the rejection is therefore respectfully requested.

Claim 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over "Beyond Section 1031" as applied to claim 1 above and further in view of "Overview of the Financial Sector," 2002 ("Overview"). This rejection is respectfully traversed.

Overview fails to obviate the deficiencies of Beyond 1031 noted above. Accordingly, even if combined, Beyond 1031 and Overview would not have resulted in the claimed invention. Accordingly, withdrawal of the rejection is respectfully requested.

Claim 29 is rejected under 35 U.S.C. 103(a) as being unpatentable over "Beyond Section 1031" as applied to claim 1 above in view of "Park Your Reverse Exchange." This rejection is respectfully traversed.

"Park Your Reverse Exchange" fails to obviate the deficiencies of Beyond 1031 noted above. Accordingly, even if combined, Beyond 1031 and "Park Your Reverse Exchange" would not have resulted in the claimed invention. Accordingly, withdrawal of the rejection is respectfully requested.

Claims 25-28, 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Beyond Section 1031" as applied to claim 1 above in view of "Park Your Reverse Exchange," Ronald L. Raitz and Bridgett M. Raitz CPA pp. 1-6 further in view of "CFLA Leasing Glossary, 2001." This rejection is respectfully traversed.

With respect to claims 25-28, the additional reference fails to obviate the deficiencies of Beyond 1031 noted above. Accordingly, even if combined, the references would not have resulted in the claimed invention.

With respect to claim 30, even if combined the references fail to disclose a like-kind exchange method including establishing an accommodating entity to facilitate the like-kind exchange, the accommodating entity being funded by a limited contribution obligation from a third party. None of the references cited herein illustrates the funding of an accommodating entity with a limited contribution obligation. The references further fail to disclose establishing a property owning entity to acquire an ownership interest in the replacement property, the property owning entity being capitalized through a contribution by the accommodating entity of a promissory note in an amount appropriate for the like-kind exchange. The references additionally fail to disclose the property owning entity leasing the replacement property to the exchanger with a purchase option pursuant to an operating lease on arms-length terms sufficient to pay a debt service on the replacement property. The references further fail to disclose specifically disavowing an agency relationship between the accommodating entity and the exchanger and the property owning entity and the exchanger, and exchanging a relinquished property of the exchanger with the replacement property upon exercise of the purchase option.

Accordingly, because the references combined fail to teach or disclose the claimed features, the references fail to render obvious the invention as claimed. Thus, withdrawal of the rejection is respectfully requested.

V. Conclusion

As set forth above, applicants respectfully submit that all claims are in condition for allowance. Withdrawal of all rejections and prompt passage to issuance are earnestly requested. In the event Applicants have overlooked the need for an extension of time, payment of fee, or additional payment of fee, Applicants hereby petition therefore and authorize that any charges be made to Deposit Account No. 50-4494.

Should the Examiner have any questions regarding any of the above, the Examiner is respectfully requested to telephone the undersigned at 202-346-4016.

Respectfully submitted,

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